

1-1 By: Bell of Montgomery, et al. H.B. No. 3745
1-2 (Senate Sponsor - Birdwell, Zaffirini)
1-3 (In the Senate - Received from the House May 2, 2019;
1-4 May 3, 2019, read first time and referred to Committee on Natural
1-5 Resources & Economic Development; May 17, 2019, reported
1-6 adversely, with favorable Committee Substitute by the following
1-7 vote: Yeas 11, Nays 0; May 17, 2019, sent to printer.)

1-8 COMMITTEE VOTE

1-9		Yea	Nay	Absent	PNV
1-10	Birdwell	X			
1-11	Zaffirini	X			
1-12	Fallon	X			
1-13	Flores	X			
1-14	Hancock	X			
1-15	Hinojosa	X			
1-16	Hughes	X			
1-17	Miles	X			
1-18	Paxton	X			
1-19	Powell	X			
1-20	Rodríguez	X			

1-21 COMMITTEE SUBSTITUTE FOR H.B. No. 3745 By: Birdwell

1-22 A BILL TO BE ENTITLED
1-23 AN ACT

1-24 relating to the Texas emissions reduction plan fund and account.
1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-26 ARTICLE 1. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT
1-27 SECTION 1.01. Section 386.001, Health and Safety Code, is
1-28 amended by adding Subdivision (1) and amending Subdivision (5) to
1-29 read as follows:
1-30 (1) "Account" means the Texas emissions reduction plan
1-31 account established under Section 386.251.
1-32 (5) "Fund" means the Texas emissions reduction plan
1-33 fund established under Section 386.250.
1-34 SECTION 1.02. Section 386.057(c), Health and Safety Code,
1-35 is amended to read as follows:
1-36 (c) For projects funded as part of the infrastructure
1-37 program under Subchapter C, the report must:
1-38 (1) describe and evaluate:
1-39 (A) the infrastructure facilities funded under
1-40 that subchapter;
1-41 (B) the degree to which the funded facilities are
1-42 supporting on-road or non-road diesel projects;
1-43 (C) the amount of fuel or electricity dispensed
1-44 for each facility; and
1-45 (D) associated emissions reductions and
1-46 cost-effectiveness; and
1-47 (2) make a finding regarding the need for additional
1-48 appropriations from the account ~~[fund]~~ to improve the ability of
1-49 the program to achieve its goals.
1-50 SECTION 1.03. The heading to Subchapter F, Chapter 386,
1-51 Health and Safety Code, is amended to read as follows:
1-52 SUBCHAPTER F. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT
1-53 SECTION 1.04. Subchapter F, Chapter 386, Health and Safety
1-54 Code, is amended by adding Section 386.250 to read as follows:
1-55 Sec. 386.250. TEXAS EMISSIONS REDUCTION PLAN FUND. (a) The
1-56 Texas emissions reduction plan fund is established as a trust fund
1-57 outside the state treasury to be held by the comptroller and
1-58 administered by the commission as trustee. Money in the fund may be
1-59 spent without legislative appropriation and may be used only as
1-60 provided by this chapter. Interest and other earnings on the

balance of the fund shall be credited to the fund.

(b) The fund consists of:

(1) the amount of money deposited to the credit of the fund under:

(A) Section 386.056;

(B) Sections 151.0515 and 152.0215, Tax Code; and

(C) Sections 501.138, 502.358, and 548.5055, Transportation Code; and

(2) grant money recaptured under Section 386.111(d) and Chapter 391.

(c) Not later than the 30th day after the last day of each state fiscal biennium, the commission shall transfer the unencumbered balance of the fund remaining on the last day of the state fiscal biennium to the credit of the Texas emissions reduction plan account.

SECTION 1.05. Section 386.251, Health and Safety Code, is amended to read as follows:

Sec. 386.251. TEXAS EMISSIONS REDUCTION PLAN ACCOUNT [FUND]. (a) The Texas emissions reduction plan account [fund] is an account in the state treasury.

(b) The account [fund] is administered by the commission for the benefit of the plan established under this chapter. The account [fund] is exempt from the application of Section 403.095, Government Code. Interest earned on the account [fund] shall be credited to the account [fund].

(c) The account [fund] consists of its accumulated balance and [+]

[~~(1)~~] the amount of money transferred to the account under Section 386.250(c) [~~deposited to the credit of the fund under:~~

[~~(A) Section 386.056,~~

[~~(B) Sections 151.0515 and 152.0215, Tax Code,~~ and

[~~(C) Sections 501.138, 502.358, and 548.5055, Transportation Code; and~~

[~~(2) grant money recaptured under Section 386.111(d) and Chapter 391.~~

SECTION 1.06. The heading to Section 386.252, Health and Safety Code, is amended to read as follows:

Sec. 386.252. USE OF FUND AND ACCOUNT.

SECTION 1.07. Sections 386.252(a), (b), (e), (f), (g), and (h), Health and Safety Code, are amended to read as follows:

(a) Money in the fund and account may be used only to implement and administer programs established under the plan. Subject to the reallocation of funds by the commission under Subsection (h), money from the fund and account [~~appropriated to the commission~~] to be used for the programs under Section 386.051(b) shall initially be allocated as follows:

(1) four percent may be used for the clean school bus program under Chapter 390;

(2) three percent may be used for the new technology implementation grant program under Chapter 391, from which at least \$1 million will be set aside for electricity storage projects related to renewable energy;

(3) five percent may be used for the clean fleet program under Chapter 392;

(4) not more than \$3 million may be used by the commission to fund a regional air monitoring program in commission Regions 3 and 4 to be implemented under the commission's oversight, including direction regarding the type, number, location, and operation of, and data validation practices for, monitors funded by the program through a regional nonprofit entity located in North Texas having representation from counties, municipalities, higher education institutions, and private sector interests across the area;

(5) 10 percent may be used for the Texas natural gas vehicle grant program under Chapter 394;

(6) not more than \$6 million may be used for the Texas alternative fueling facilities program under Chapter 393, of which

a specified amount may be used for fueling stations to provide natural gas fuel, except that money may not be allocated for the Texas alternative fueling facilities program for the state fiscal year ending August 31, 2019;

(7) not more than \$750,000 may be used each year to support research related to air quality as provided by Chapter 387;

(8) not more than \$200,000 may be used for a health effects study;

(9) at least \$6 million but not more than \$16 ~~[\$8]~~ million may be used by ~~[is allocated to]~~ the commission for administrative costs, including all direct and indirect costs for administering the plan, costs for conducting outreach and education activities, and costs attributable to the review or approval of applications for marketable emissions reduction credits;

(10) six percent may be used by the commission for the seaport and rail yard areas emissions reduction program established under Subchapter D-1;

(11) five percent may be used for the light-duty motor vehicle purchase or lease incentive program established under Subchapter D;

(12) not more than \$216,000 may be used by ~~[is allocated to]~~ the commission to contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station annually for the development and annual computation of creditable statewide emissions reductions obtained through wind and other renewable energy resources for the state implementation plan;

(13) not more than \$500,000 may be used for studies of or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces emissions of nitrogen oxides and particulate matter; and

(14) the balance is to be used by the commission for the diesel emissions reduction incentive program under Subchapter C as determined by the commission.

(b) Money in the fund and account may be used by the commission for programs under Sections 386.051(b)(13), (b)(14), and (b-1) ~~[as may be appropriated for those programs]~~.

(e) Money in the fund and account may be used ~~[allocated]~~ for administrative costs incurred by the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station ~~[as may be appropriated by the legislature]~~.

(f) ~~Not [To the extent that money is appropriated from the fund for that purpose, not]~~ more than \$2.5 million from the fund and account may be used by the commission to conduct research and other activities associated with making any necessary demonstrations to the United States Environmental Protection Agency to account for the impact of foreign emissions or an exceptional event.

(g) ~~The [To the extent that money is appropriated from the fund for that purpose, the]~~ commission may use ~~[that]~~ money from the fund and account to award grants under the governmental alternative fuel fleet grant program established under Chapter 395, except that the commission may not use for that purpose more than three percent of the balance of the fund as of September 1 of each state fiscal year of the biennium for the governmental alternative fuel fleet grant program in that fiscal year.

(h) Subject to the limitations outlined in this section ~~[and any additional limitations placed on the use of the appropriated funds]~~, money allocated under this section to a particular program may be used for another program under the plan as determined by the commission, based on demand for grants for eligible projects under particular programs after the commission solicits projects to which to award grants according to the initial allocation provisions of this section.

SECTION 1.08. Section 395.011, Health and Safety Code, is amended to read as follows:

Sec. 395.011. FUNDING. The legislature may appropriate money to the commission from the Texas emissions reduction plan account ~~[fund]~~ established under Section 386.251 to administer the program.

SECTION 1.09. The amendments to Section 386.251, Health and Safety Code, made by this article do not affect the balance of the Texas Emissions Reduction Plan Account No. 5071 remaining on September 1, 2019.

ARTICLE 2. FUNDING SOURCES

SECTION 2.01. Section 151.0515(d), Tax Code, is amended to read as follows:

(d) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.02. Section 152.0215(c), Tax Code, is amended to read as follows:

(c) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.03. Section 501.138(b-3), Transportation Code, is amended to read as follows:

(b-3) This subsection and Subsection (b-2) expire on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.04. Section 502.358(c), Transportation Code, is amended to read as follows:

(c) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.05. The heading to Section 548.5055, Transportation Code, is amended to read as follows:

Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN FEE.

SECTION 2.06. Sections 548.5055(b) and (c), Transportation Code, are amended to read as follows:

(b) The department shall remit fees collected under this section to the comptroller at the time and in the manner prescribed by the comptroller for deposit in the Texas emissions [~~emission~~] reduction plan fund.

(c) This section expires on the last day of the state fiscal biennium during which the conservation commission publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.07. Sections 8(a-2) and (b), Chapter 755 (S.B. 1731), Acts of the 85th Legislature, Regular Session, 2017, are repealed.

SECTION 2.08. This article takes effect August 30, 2019.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. Except as otherwise provided by this Act, this Act takes effect September 1, 2019.

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